



United States Department of State
*Under Secretary of State
for Management*
Washington, D.C. 20520

INFORMATION MEMORANDUM
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TO: All agencies with an overseas presence in diplomatic facilities –
See list of addressees in Exhibit A

FROM: Christopher B. Burnham, Acting /s/

SUBJECT: FY05 Guidance on the Capital Security Cost-Sharing Program
Charges for FY07 Budgets – Standards for Counting Authorized
Positions, Assigning Positions to Categories, and Calculating
Charges for Each Agency

BACKGROUND

This guidance, prepared and approved by the Department of State and the Office of Management and Budget, explains the rationale, standards, definitions, and criteria for identifying positions and categorizing them to determine the charges payable by each Department and Agency under the Capital Security Cost-Sharing (CSCS) Program. The Department intends to initiate adoption of the substance of this Guidance as a part of the Foreign Affairs Manual in 2005.

The Department is implementing the CSCS Program under the authority of Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999, as amended by the FY 2005 Consolidated Appropriations Act, Division B, Public Law 108-447 (December 8, 2004), a copy of which is attached as Exhibit B. The law authorizes the Secretary of State to determine the cost share allocable to each agency to provide new, safe, secure United States diplomatic facilities, in consultation with such agency. The law applies to all agencies with overseas personnel under chief of mission authority. Agencies are to pay in advance and without offsets, notwithstanding any other provision of law. The Secretary is directed to

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implement the CSCS Program in a manner that encourages right-sizing of each agency's overseas presence.

The CSCS Program is designed to

- (1) generate \$17.5 billion over 14 years to accelerate the construction of approximately 150 new secure, safe, functional diplomatic and consular office facilities for all U.S. Government personnel overseas, and
- (2) provide an incentive for all Departments and agencies to rightsize their overseas staff by taking into account the capital costs of providing facilities for their staff.

To achieve these objectives the CSCS Program imposes a per capita charge for (a) each authorized overseas position for which diplomatic facilities must be provided and (b) each projected position above current authorized positions in those New Embassy Compounds (NECs) for which the budget has already been presented to Congress. CSCS Program charges for ICASS positions are also passed through to agencies based on their use of ICASS services. Agencies are eligible to receive a Rent Credit each year for rent paid because the existing diplomatic facilities are not able to accommodate their overseas personnel. This Credit recognizes the extra burden the agency is currently carrying.

Unless otherwise specified, every reference to "agency", "agencies", or "Department or Agency", comprises all agencies with an overseas presence, including the State Department and ICASS, and the same standards and guidance apply to the extent allowed by law.

In accordance with the direction of Congress, the CSCS Program will be administered in a manner that is "inclusive, cooperative, and transparent."

- Inclusiveness requires that all agencies be treated fairly and have access to data and appeal procedures. The Department will make diligent efforts to communicate relevant information and share documents establishing Program policies, procedures, and results. It will take the

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initiative to consult with all agencies and inform them of their rights and obligations under the law and implementing procedures.

- Cooperativeness requires that the charges assessed to each agency be generated on the basis of a consistent, uniform, standardized formula. The Department will not negotiate or adjust charges for any agency on any other basis.
- Transparency requires that the CSCS Program materials be open to all agencies, as well as Congress and the public. The Department will make all relevant information relating to the Program available to agencies upon request. Each agency may examine the charges and position count data for other agencies. The CSCS Program will be administered using unclassified data to the fullest extent possible.

The CSCS Program is entirely separate from the NSDD-38 process and the Department's programs and mechanisms for establishing NEC priorities in the Long-Range Overseas Buildings Plan, projecting positions in NECs, and allocating space in existing facilities and proposed NECs. Nevertheless, the Department recognizes that the requirement that all agencies share in the funding of NECs is a further impetus for allowing all agencies to participate fully in those processes. The Department has adopted improved procedures to ensure full consultation with all agencies in the NEC planning process.

In order to implement the CSCS Program, each Department and Agency's existing or authorized overseas positions must be identified and categorized as being located in controlled-access (classified) office space, non-classified office space, or non-office space. Positions that must be located outside the embassy or consulate for reasons unrelated to the availability of office space are not subject to CSCS Program charges, but it is important to tabulate these positions to facilitate verification of the count.

The Department is distributing a survey in 2005 calling on every post to submit listings of all existing positions and all other positions authorized under NSDD-38 or otherwise that were under the authority of the Chief of Mission as of January 1, 2005. Posts will be given the most recent CSCS data as a baseline from which to work. The Department will share and discuss that information with the agencies' headquarters to confirm its accuracy as in past

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years. After reaching an agreement on all figures, the Department will issue individual agency invoices for the FY07 charges.

FUNDAMENTAL POLICY

The underlying rationale that guides decisions on whether to count a position and how to categorize it for purposes of calculating the CSCS charges is whether the position will need space, and what kind of space, in a NEC when it is built. At many posts, U.S. Government personnel are scattered among several locations, on and off the embassy grounds, for historical reasons or because of inadequate space in existing diplomatic facilities. The Secure Embassy Construction and Counterterrorism Act of 1999, however, requires the collocation on the NEC of all U.S. Government personnel at post unless the Secretary of State and the head of the relevant Department or Agency both personally approve a waiver. Exceptions are recognized in those few cases where waivers have been or are likely to be granted – for example, U.S. Government employees who must work in host-government office buildings, or in research or medical facilities, to accomplish their mission. Otherwise, all U.S. Government personnel and vacant authorized positions will be charged under the CSCS Program.

COUNTING POSITIONS AND ASSIGNING POSITIONS TO CATEGORIES

- 1. Positions To Be Charged.** The CSCS charges apply to the total number of existing or authorized positions, i.e. the total of both filled and currently unfilled positions, including long-term and permanent or rolling TDY positions. It includes direct-hire American positions and all locally employed staff (LES) (which includes Foreign Service Nationals (FSNs), local Personal Services Contractors (PSCs), temporary appointees, continuing temporary duty (TDY) positions, and eligible family members positions), contractors working in U.S. Government-owned or -leased facilities, and any others working in U.S. Government facilities. Part-time and temporary positions are counted in accordance with the ICASS policy on temporary duty positions. Each authorized position is counted only once, even if it arguably falls in more than one of the categories below, unless the position occupies multiple offices or workspaces simultaneously. For positions that are staffed on more than

one shift (e.g., security guards, drivers), the charge is adjusted to reflect the fact that facilities needs are not increased by additional shifts.

2. **Which Agency Pays.** Many agencies participate in programs that are “cross-funded;” i.e., the funds come from another agency’s budget account. The policy of the CSCS Program is that the agency that is listed as the employer of an individual [or the unfilled position]; i.e., “the payor on the paycheck,” is the one that should bear the fiscal responsibility under the CSCS Program for the capital cost for accelerated construction of new facilities. If an agency is cross-funded by another agency or program and needs a larger reimbursement in order to support the CSCS Program cost of the cross-funded activities, it should include the CSCS charges in its request to the funding agency in the same manner as an increase in travel, salaries, or other expenses.

This approach keeps the administration of the CSCS Program simple. The State Department cannot practically trace the funding of every agency's overseas programs. The policy also encourages rightsizing, because the employing agency and its cross-funding partner have the best control over personnel levels, the best understanding of the programmatic choices involved, and the strongest incentive to resolve the budgetary issues in a rational manner.

3. **Categories of Positions**

- **COM Positions.** Each post has one Chief of Mission (COM) position, which is assigned to the Department of State. A higher per capita charge applies because the COM space is more elaborate than the space for other personnel.
- **CAA Office Positions.** This category comprises authorized positions that need to be able to operate inside a controlled access area. The controlled access area (CAA) is that portion of the USG-owned or -leased mission facilities in which the handling of classified information is authorized. Although an individual may be cleared for access to classified information, the position only counts as a CAA position if CAA space has been allocated to it. In some cases, several representatives of an agency will work outside CAA space but share

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one or more desks within the CAA to conduct their work. If the NEC Space Requirements Program provides one or more CAA desks to that agency, the agency will be considered to have that number of CAA positions in addition to the non-CAA positions.

- **Non-CAA Office Positions.** This category comprises existing or authorized office positions operating, or intended to operate, at a desk, office, or workstation in USG-owned or -leased mission facilities but outside of the CAA. A support supervisory position that occupies a desk or workstation (e.g., chief of motor pool) should be included as an office position. If a position has a desk, office, or workstation assigned to it, it should be counted as an office position regardless of the amount of time the current incumbent actually spends working at the desk.
- **Non-office Positions.** This category comprises existing or authorized “non-office” positions operating, or intended to operate, on the premises of USG-owned or -leased mission facilities. Non-office positions include custodians, laborers, warehouse staff, gardeners, drivers, etc. who do not have an assigned desk, office, or workstation. As noted above, counts will be adjusted to reflect the use of the same facilities by multiple shifts where they occur.
- **Outside Embassy Positions.** (1) This category comprises authorized positions that, in order to do their work, must be located in non-USG-owned or -leased facilities or other non-mission facilities (e.g., in government ministries, at airports and seaports, at memorials, at universities, etc.). Often the host government provides this space. For purposes of the CSCS Program, the Department is assuming that such positions will receive Secretarial waivers from the collocation requirement when a NEC is built for that post. (2) This category also includes positions that do not perform diplomatic or administrative work, such as research scientists in laboratories or technicians at antenna fields. Since such positions would not be included in the count of positions to be provided space in a NEC, there is no CSCS Program charge for them. (3) Peace Corps professional staff positions are listed in the survey and counted, but not subject to CSCS

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charges due to the Congressional guidance that they should not be required to collocate in a NEC. (4) Positions located in cities that do not have diplomatic posts are not counted, because no NEC or other State Department facility is contemplated for such locations.

(5) Positions that currently occupy leased space in mission annex buildings are not Outside Embassy positions, because they are considered part of the mission and will be counted when the Department determines the appropriate size for a NEC. Positions in annex buildings, even if the building is leased or wholly occupied by one agency, should be listed as CAA, Non-CAA Office, or Non-office positions.

- **Marine Security Guards.** Marine Security personnel, including commanders and local-hire staff shall be counted, but Congress has directed that they not be included in the calculation of CSCS charges. The Marines protect all USG classified activities at the post, and everyone benefits from their presence.

4. **NEC Projected Staff Growth Positions.** (These positions are used to calculate what was called the “NEC Staff Adjustment Charge” in the prior Guidance Memorandum.) The fundamental building block for planning a NEC is the projected number and types of positions that must be accommodated in the new facilities. The Department of State and OMB request funds, and Congress allocates funds, to particular NEC projects on the basis of these projections, which are the product of a process that requires approval from each agency’s headquarters.

To encourage careful, realistic projections of staffing, when an agency projects NEC positions that exceed its current existing or authorized positions at a post and that post is scheduled and budgeted for a NEC in the President’s Budget, the projected growth positions will also be counted and charged the CSCS Program charges as if they already existed as authorized positions. The NEC Projected Staff Growth Charge for a given facility begins in the first fiscal year following the date the projection is used for determining the size, configuration, and budget for the NEC. That year is typically the year that the Department submits the project to OMB for inclusion in the President’s budget. Including the projects funded by Congress or in the

President's FY 2006 Budget and deleting those that will be occupied during FY 2005, 48 Capital Security construction projects are in various stages of design and construction. The list of Capital Security projects to which the NEC Projected Staff Growth Charge applies is attached as Exhibit C.

Projected decreases at a proposed NEC may not be netted against projected increases in NEC staffing at another post unless the reductions were approved by agency headquarters and incorporated into the projections and budgeting for that post before funding was requested from Congress. Otherwise, the projected reductions will not benefit the agency until the year they actually occur.

CALCULATING THE CSCS PROGRAM CHARGES FOR EACH AGENCY

- 1. Existing Positions Charge.** Once the number and type of authorized positions have been established, calculating the basic charges is straightforward. The Department and OMB have established the following per capita charges, which reflect the costs of construction of the various types of space in NECs. The per capita charge is fixed, so each agency's bill will vary directly with changes in the number of authorized overseas positions. The fully phased-in charges are as follows:

\$ 209,034	per capita	for COM space
\$ 59,318	per capita	for CAA space
\$ 28,144	per capita	for non-CAA space
\$ 4,940	per capita	for non-office space

Outside embassy positions, as described above, are not charged.

- 2. Phase-In.** The Existing Position Charges in the previous paragraph will be phased in over five years, with the FY05 per capita charges being 20% of the amounts above; FY06, 40%; FY07, 60%; FY08, 80%; and FY09, 100%. For FY 2007, the per capita charges are

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\$ 125,420	per capita	for COM space
\$ 35,591	per capita	for CAA space
\$ 16,886	per capita	for non-CAA space
\$ 2,964	per capita	for non-office space

3. **ICASS Pass-Through.** ICASS positions are listed and counted like those of all other agencies, but its costs are ultimately the joint responsibility of the participating agencies. ICASS has decided to pass through its CSCS Program charges for ICASS positions like other indirect costs: at the headquarters level on the basis of the same percentage as overall use of ICASS services. The Department will include each agency's share of ICASS CSCS Program charges on the same invoice as the other CSCS Program charges. Each agency's invoice will include a line showing the ICASS CSCS Program charges allocated to the agency.
4. **NEC Projected Staff Growth Charge.** Projected Staff Growth positions will be allocated to the four categories using the same criteria described above. The amount of the charge for these projected positions is the same as corresponding CSCS Program charge for existing positions. This charge will be displayed on each agency's invoice as a separate line to facilitate understanding of the basis for the calculation of the charges.
5. **Rent Credit.** Each agency that is paying rent for office space for existing or authorized positions that are counted and included in the CSCS Program charges is given credit for the amount of rent it actually paid in the year in which the count of authorized positions occurred. This amount is the net rent paid, not including maintenance, utilities, or other expenses. The Department has arranged with ICASS to provide the rent paid by each agency through ICASS, and that amount will automatically be credited to the agency. Each agency must take the initiative to claim and document the amount of other rent it is paying this year, with sufficient specificity that the rent can be verified in the Department's leased property records. The full amount of the Rent Credit will be applied against the total amount of CSCS Program charges, thereby reducing the agency's obligation.

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PROCEDURES FOR RESOLUTION OF DIFFERENCES

- 1. Review within the Department.** When each agency receives its the data from the survey of posts and NEC Projected Staff Growth, it will be invited to propose corrections to its existing or authorized position lists and claims for Rent Credit. The agency should first verify its corrections with its representatives at the affected posts, who should coordinate with the Management Officer at post. The Department will review the requested corrections, discuss the differences with the agency, and seek to resolve them either through direct discussions or by communicating with posts about discrepancies in the data. Senior officials will review the arguments and provide guidance on resolving any remaining differences. The Department is moving toward an integrated process that gathers full individual position data in a single format that can be used for CSCS charges and for NEC budget, staffing, and space allocation planning.

Once the Department and the agency have resolved any differences over the position data and rent credits, the Chief Financial Officer of the Department (CFO) will send a letter to his counterpart at each agency transmitting a statement of charges that should be incorporated into the agency's upcoming budget submission to the Office of Management and Budget (OMB). This information will also be given directly to OMB. The CFO's letter will also contain a final invoice for the FY06 charges, which will be due immediately after the enactment of the FY06 appropriations (or October 1, 2005 if that is later).

- 2. Final Review by OMB.** To the extent that differences have not been resolved through (1) discussions between the Department and the agency, or (2) if the issue is a matter of general applicability, through consultation with a working group of the Interagency Facilities Council, the Department and the agency will present their respective views in writing to the appropriate OMB staff, and OMB will facilitate the final resolution of the differences.

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Attachments:

Exhibit A: List of Addressees

Exhibit B: Legislation authorizing the CSCS Program

Exhibit C: Posts covered by the NEC Projected Staff Growth Charge

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Exhibit A: List of addressees at all agencies with an overseas presence under Chief of Mission authority

Name	Department or Agency
Lyle Sebranek	Agriculture Department
Vincent Scatamacchia	American Battle Monuments Commission
Brian Conniff	Broadcasting Board of Governors
Barbara Retzlaff	Commerce Department
John Roth	Defense Department
Beverly Rexrode	Defense Security Cooperation Agency
Joanne Phipps	Energy Department
James K. Hess	Export-Import Bank of the U.S.
Mike Petty	Foreign Broadcast Information Service
Ellen Warren	General Services Administration
Brian Trent	Health and Human Services Department
Andrew Maner	Homeland Security Department
Patricia Garate	ICASS
Karen Clark	Interior Department
Paul Corts	Justice Department
Lygia Ballantyne	Library of Congress
Paula Geisz	NASA
Thomas N. Cooley	National Science Foundation
Margaret Doane	Nuclear Regulatory Commission
Rosemary Allen	Overseas Private Investment Corporation
Janice Hagginbothom	Peace Corps
Dale Sopper	Social Security Administration
Christopher Burnham	State Department
Juergen Tooren	Transportation Department
Jesus Delgado-Jenkins	Treasury Department
Gary Nagle	U.S. Agency for International Development
Dona Harris	U.S. Environmental Protection Agency
Noreen St. Louis	U.S. Trade & Development Agency
William Shockley	U.S. Trade Representative
JoAnn Van Beusichem	Veterans Affairs Department

Exhibit B: Legislation authorizing the CSCS Program

SEC. 629. Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999 (title VI of division A of H.R. 3427, as enacted by section 1000(a)(7) of Public Law 106–113) is amended by adding the following new subsection at the end:

“(e) CAPITAL SECURITY COST SHARING.—

“(1) AUTHORITY.—Notwithstanding any other provision of law, all agencies with personnel overseas subject to chief of mission authority pursuant to section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927) shall participate and provide funding in advance for their share of costs of providing new, safe, secure United States diplomatic facilities, without offsets, on the basis of the total overseas presence of each agency as determined annually by the Secretary of State in consultation with such agency. Amounts advanced by such agencies to the Department of State shall be credited to the Embassy Security, Construction and Maintenance account, and remain available until expended.

“(2) IMPLEMENTATION.—Implementation of this subsection shall be carried out in a manner that encourages right-sizing of each agency’s overseas presence.

“(3) EXCLUSION.—For purposes of this subsection ‘agency’ does not include the Marine Security Guard.”.

SEC. 630. (a) Except as provided in subsection (b), a project to construct a diplomatic facility of the United States may not include office space or other accommodations for an employee of a Federal agency or department if the Secretary of State determines that such department or agency has not provided to the Department of State the full amount of funding required by subsection (e) of section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999 (as enacted into law by section 1000(a)(7) of Public Law 106–113 and contained in appendix G of that Act; 113 Stat. 1501A–453), as added by section 629 of this Act.

(b) Notwithstanding the prohibition in subsection (a), a project to construct a diplomatic facility of the United States may include office space or other accommodations for members of the Marine Corps.

FY2005 Consolidated Appropriations Act, Public Law No. 108-447,
December 8, 2004

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Exhibit C: NEC Projected Staff Growth Posts

This list encompasses projects that are in various stages of design and construction with funds already appropriated by Congress or being requested in the President's FY 2006 budget. This list does not include posts that are scheduled to be occupied in FY05.

Budgeted FY 2002

Conakry
Phnom Penh
Tashkent
Tbilisi
Yaounde

FY Total = 5

Budgeted FY 2005

Bamako Annex	Kingston Annex
Beirut	Moscow Annex
Bogotá	Mumbai
Ciudad Juarez	Quito
Kathmandu Annex	Skopje
Khartoum	Suva

FY Total = 12

Budgeted FY 2003

Astana
Athens Annex
Bamako
Beijing
Bridgetown
Frankfurt
Freetown
Kingston

FY Total = 8

Budgeted FY 2006

Abuja Annex	Lusaka
Accra Annex	Managua Annex
Asmara	Maputo
Harare	Sarajevo
Karachi	St Petersburg
Kiev	Tbilisi Annex
Kigali	

FY Total = 13

Budgeted FY 2004

Accra	Lome
Algiers	Managua
Belmopan	Panama City
Berlin	Port-au-Prince
Kathmandu	Rangoon

FY Total = 10

Total number of posts is 48

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Drafted by: Sam Bleicher 5-4791 3/29/05

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